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An Amazing Ruling About the Income Tax.

A new ruling regarding the income tax law has just been made by the Treasury Department which is so monstrously unreasonable and absurd that it seems as if it could not stand for a moment. It has, however, stood for some time, but mainly, as we think, because the attention of the public has not been emphatically directed to it. It is high time, however, that such attention was paid, because if the people do not protest against the interpretation of the law which the Treasury Department has sanctioned in this specific matter the most serious injustice will be consummated.

Among the claims for deductions from the income tax that are held to be permissible is one for "losses actually sustained during the year incurred in trade." It has been held by the Treasury Department, we think rightly, that a loss of this kind is to be deductible only if it is an absolute loss actually sustained and ascertained during the tax year, and not merely a fluctuating valuation of continuing investment. It must be determined upon an actual, completed and closed transaction.

But the Treasury Department has now gone much further than this. It has defined the term "in trade" as being the occupation of an actual dealer, trader or manufacturer, and not an engagement in a business which is merely incidental to the main or chief business of an individual. Particularly as concerns dealing or speculation in securities, the Treasury Department holds:

"By a recognized dealer is meant one who buys and sells for others, as well as for his own account. One who buys and sells for his own account only is not considered a dealer in stocks and bonds, or as engaged in trade, within the meaning of the income tax law. Losses sustained with respect to the sale of stocks and bonds cannot be allowed, except in the cases of recognized brokers in such stocks and bonds."

That is to say, a doctor, lawyer or merchant who occasionally buys or sells stocks in the ordinary way that people do cannot deduct from the amount of his income tax his losses sustained in closed and completed transactions of this character during the period covered by the return. On the other hand, if we correctly understand the recent ruling of the Treasury Department, he must add to his income for the year any and all profits gathered by him in these transactions. Or, in plain words, in making up his income tax return he must take account of his profits but not of his losses, unless he is a professional dealer in securities in the same way that a member of the Stock Exchange is.

Can absurdity go any further? Let us take one illustration of how the law would work if enforced in this way. As every one knows, there are a great many lawyers whose business, in addition to the regular practice of law, is that of conducting real estate transactions for investment or otherwise, and various operations of a purely speculative nature in what are really speculative financial affairs. If the ruling of the Treasury Department remains unchanged a lawyer engaged in this business cannot reduce his yearly income for purposes of the tax law by any losses sustained in such business. It is not at all impossible that whereas his yearly income from his law business proper may be \$50,000, and his losses on outside operations be several hundred thousand dollars, or such as to throw him into absolute bankruptcy, the Government would still ask him to pay a tax for the year on an income of \$50,000. The Government would try to make out that he had become rich during the year instead of having been impoverished.

How long will this ruling stand?

because of the well known limitations of the submarine.

There is really no sound reason why this type of war vessel should not engage in commerce destroying in the North Sea. But if the enterprise is pursued as a steady naval policy the risk of sinking the wrong vessel or of sending neutral goods to the bottom will have to be taken. Obviously there cannot be a great deal of "submarine warfare" without complications with neutral nations. Paying the bill might not be the only responsibility. If a neutral citizen went down with the torpedoed ship there would be a serious state of things. It is doubtful if "submarine warfare" upon merchant ships will have a very wide and destructive range of operations.

Mr. Bryan Again on Qualification for Public Office.

This week's number of *Musical America* contains the report of an interview with Secretary Bryan by Mr. HERWIG von ENDE, a reputable gentleman whose statements are entitled to full credence. Mr. von ENDE, moreover, is a warm admirer of Mr. BRYAN. He says:

"Mr. BRYAN related a conversation he had had over the telephone with a gentleman who was seeking a position for a friend, whom that gentleman considered exceptionally well qualified.

"The gentleman in question," said Mr. BRYAN, "told me over the phone that the person he spoke of was a graduate of Harvard, with various degrees, a linguist, thoroughly conversant with the different European languages, a literary man, a scholar—in fact a highly cultured man, in the broad sense of the term."

"Mr. BRYAN then said that he had replied: 'Your recommendation sounds as if you were recommending a secretary-stenographer, such as we have many in the Government service. When we fill important posts, we try to avoid college men—theorists; we want men who have been through the great school of practical experience and knowledge of humanity, who have the requisite qualifications.'"

Together with the deathless letter to VICK, Mr. BRYAN's statement to Mr. von ENDE affords a tolerably complete definition of his standard of fitness for high public office.

Mr. BRYAN also confided to Mr. von ENDE the circumstance that his favorite hymn was "One Sweetly Solemn Thought." We commend both the Secretary's theory of appointment and the favorite hymn to President WILSON's sweetly solemn consideration.

Mr. Guggenheim's Benevolent Ideas.

The benevolence of intent of Mr. DANIEL GUGGENHEIM cannot be questioned, but the wisdom of many of the views which he expressed to the Federal Commission on Industrial Relations is equally unquestionable. His ideals are all right; the methods by which he proposes to reach them are all wrong.

"We must see," said Mr. GUGGENHEIM, "that the worker not only gets sufficient wages but also that he gets some of the comforts and luxuries of life." Most true. This is the aim of modern civilization. The dwelling of the worker has been improved 500 per cent. in fifty years. His means of education and travel have developed enormously. He and his family are infinitely better clothed than ever before in history. Free libraries, free pictures, free music, free parks are at their disposal, together with seaside pleasures in summer and indoor shows all the year round at moderate rates.

Perhaps all these advanced gifts have not reached complete development in the mining camps. But some of them have, and as a whole the mining camps are far ahead of what they were fifty years ago and are still advancing. It may be added that all workers do not enjoy the "comforts and luxuries of life" which the times offer them, but this is because their own notions of comfort and luxury are on a lower plane. The workers, especially immigrants from backward regions, have to be educated up to their opportunities, but this is being done very fast everywhere. The movies are ruining the saloons faster than prohibition.

So much for Mr. GUGGENHEIM's aspiration for the workers. But he wants the State and Federal Government to take up the work of catering to their wants in the matter of comfort and luxuries. To this end, he says, "The State must raise the money by taxing the large estates when those who have them die." Mr. GUGGENHEIM here advocates the most dangerous form of taxation—a ruinous form, which if seriously extended would wipe out nearly all the capital of the country in a hundred years. Death duties to be spent for current expenses of any sort are the annihilation of wealth, and in proportion as they approach or exceed the country's capacity for saving they mean first retardation of development and finally retrogression. This is a principle no longer seriously disputed, and the new idea is to put the proceeds of death duties into permanent productive public improvements.

But should the Government undertake to cater to the workers in any degree? Mr. GUGGENHEIM says: "The evil of private benevolence is that you pamper people." This is only too true, but how does State almsgiving improve matters? If the worker is getting his "comforts and luxuries" by means of the money of the rich, and not by his own effort, he is not equally pampered whether the dole comes direct or through the grasping and lavishing hand of the State? The downfall of Rome, it has been said, was brought about by free bread, free baths and free shows in the arena. The workers ceased to be workers and became a mob pampered by the empire masquerading under republican forms. Let us beware how we fall into the same evil way.

Why should a new element of class hostility be brought into the economic life of this country? Why should the workman's notions of what the world or the Government owes him be per-

verted? He is entitled to all he can pay for. He is entitled to means of payment according to a somewhat correct equation in which his ability, his goodwill, his needs and the general financial and economic state of the community are the factors on the other side of the sign of equality. His own manhood and the general good require him to live in conformity with this formula. Any attempt to disturb it must injure him or the whole country—in fact, both.

This Article Is Exclusively for Newspaper Workers.

Our friends who volunteer to relieve us of the responsibility of filling and producing *THE SUN*—and their number is not small—seem to allow us much latitude. Their practice is to define with admirable exactness the manner in which they would treat the subjects that enlist their sympathies, and to call on us to follow in every detail the specific courses they map out. Indeed, we do not recall another instance in which so wide a choice of predigested matter has been offered to us by amateur editors as in the incident of the National Sculpture Society's resolution praying the European belligerents to spare works of art, which reached *THE SUN* office with the subjoined letter of transmittal:

"DEAR SIR: Enclosed please find copy of a resolution adopted at the last meeting of the National Sculpture Society. It is requested that the text of this be printed verbatim, and that one of the list of suggested headlines be used if possible. Very truly yours,

"ROBERT AITKEN, Secretary.

"New York, January 18."

As we have not space for both resolution and "suggested headlines," we shall omit the former and lay the latter in full before the harassed and ingenious gentlemen who practise the difficult art of compressing into an unyielding space surrounded by column rules the meat and essence of long and intricate articles; a task in the performance of which they must count not only sentences but words and letters. Here are the "suggested headlines" devised by the helpful sculptors:

"SUGGESTIONS FOR HEADLINES."

"Sculptors pray that warring nations may respect and spare works of art."

"Sculptors say man's monuments belong to the world."

"Sculptors say the destruction of works of art shames the destroyer."

"Destruction shames the destroyer, sculptors say."

"Messages of art made into memoirs of archaeology."

"Backward, unchristian soldier, the war cry of the sculptors."

"Sculptors pray for the preservation of works of art."

"A crime to destroy masterpieces, the sculptors declare."

"Sculptors cry aloud to the spirit of reverence against the looting of Europe."

"Sculptors call on Europe to show example."

"Sacred monuments irreparably injured, sculptors assert."

"The sculptors make an earnest petition."

"War turns art into archaeology, the sculptors say."

"Sacred monuments irreparably injured."

"Etc."

We have never believed that any particular good is accomplished by the discussion in the columns of a newspaper of the complex details of its production, or of the literary and mechanical problems that every staff must solve each day, while keeping at least one eye on the relentless clock. The men who win the triumph of putting before their exacting readers a journal that does not bring a blush of shame to the cheeks of its authors know in what trying circumstances their labor is done, and their victories over the opposing demons, material, human and psychological, are their entirely sufficient reward. But these headlines we submit to them for their instruction and entertainment, confident that they will be appreciated by those for whose class conscious special delectation we have made hold to intrude on space ordinarily devoted to the public generally; and we are sure that all of our talented and resourceful brethren will agree with us that the last "suggested headline" in bold originality, conciseness and technical excellence is the best of the lot.

BILLY SUNDAY appears to differ from the Church in one respect at least, for the Church is no respecter of persons.

We will guarantee to take every prisoner in Sing Sing and make a man of him—HENRY FORD to the Industrial Relations Commission.

Evidently the thing to do hereafter is to condemn every thief and murderer to a lucrative job. This is the new penology. In the meantime, what's the matter with making not men but self-supporters out of a few of the 200,000 men said to be idle in New York to-day?

And it came to pass in those days that there went out a decree from Caesar Augustus, that all the world should be taxed.

When the voters get a fair chance at the present Administration, Franklin Pierce (yes, he was President once) will look like George Washington in comparison with the present Master of Theory and Psychology.

Boston, January 20.

Man and Beast.

TO THE EDITOR OF THE SUN—Sir: There is a striking contrast between the blessing invoked by the war liturgy of the authorities in "barbarous Russia upon the beasts, which with us bear the burden and the heat of the day," and the curse invoked by the spokesman of "Kultur" upon them when he urged fight "to the last breath of man and beast."

Boston, January 22.

Hotel de Gink.

The hoboes now have come to town. They want a roof that shields them from winter's thrust. They made the building warm and tight by cracking the windows.

And now behold their residence, Hotel de Gink!

Sancho Panza it seems as if we all are hoboes too.

A long, low hike, a stunt of work. A plate of stew.

And then a short place to sleep. So come to think.

Is not this Inn of Earth itself?

Hotel de Gink! MCLANDRETH WILSON.

norance of its provisions excuses no man. Over in Jersey they say that every citizen is expected not only to know the law but also the construction that will be put upon it at some future time by the Court of Errors and Appeals. At any rate, it implies a good deal of comfortable ignorance of every-thing to assume that superfluous children can be shorn in coinage abroad incident to an effort to concentrate gold more extensively in bank reserves by providing a circulation of less intrinsic merit but entirely practicable and efficient.

I don't care what General Crozier says. —Chairman HAY of the House Committee on Military Affairs.

When the question at issue is the preparedness of the army for war General Crozier does not care what Chairman HAY says, and the country is with the General.

Governor JOHN MARSHALL SLATON of Georgia adequately describes the lynching of the Barber family, father, son and two daughters, as a malignant crime and an attack upon civilization; but how ludicrous it seems to offer a reward to the smallest person for conviction of the leaders of the lynching mob. Can't the Governor do better than that?

The El Paso report that General VILLA has shot and killed the American consular agent GEORGE C. CAROTHERS does not improve the reputation of that news source for trustworthy Mexican intelligence. The relation of VILLA and CAROTHERS is not exactly that of DIXON and PHYLLIS, but in the General's kitchen cabinet the consular agent is premier and his usefulness and fidelity are highly valued.

As far as can be made out from official bulletins, the offensive on both sides in Flanders, in Poland, in Galicia and in the Caucasus is at a standstill and impotent to make any headway.

What happens when efficiency and economy clash?

BOMBARDMENT FROM ABOVE.

Is Any Sort of Warfare Permissible in Such a War as This?

TO THE EDITOR OF THE SUN—Sir: What you say in regard to the dropping of bombs on unprotected English cities may be true, but if we were to judge solely from the high temperature of your criticism one would suppose the aforesaid bombs had been dropped on Atlantic City or Southampton.

Hence the decline in the return of sovereigns by the London mint.

JAMES S. H. UNISTED.

HIRE A MAN?

What Would a Carefully Conducted Campaign Effect?

TO THE EDITOR OF THE SUN—Sir: From all the meetings and talks pertaining to the unemployment crisis there is coming no practical plan for immediate relief.

There are many thousands of employers in New York who with few exceptions could make use of one or more men, with very little sacrifice, and would do so if they were approached in the right way.

The Merchants Association when it wanted new members organized a campaign in which the city was divided into districts. A number of teams of three men each were sent out to interview prospects, and the results were wonderful. It is a direct personal appeal that is successful. As an abstract proposition citizens are usually willing to let some one else take care of it.

Three Mayor will appoint 300 teams of three men each to work the various districts for a few hours each during mornings he will get direct results.

Start a "hire a man" campaign.

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A Positive Opinion From Neutral Switzerland.

TO THE EDITOR OF THE SUN—Sir: We are told here that Professor George Trumbull Lord of Yale University made the following utterance:

"The American people are beginning to ask themselves: 'What is likely to happen to us if the Germans have their way in this struggle?'"

For my part, which really represents the sentiment of the entire nation feeling, I do not hesitate a moment to answer to this question. If the Germans have their way in this struggle not only the smaller States in Europe will be threatened at once, but also the South and Central American States will be placed under the blood dripping sword of the Kaiser, because that is his long cherished dream.

Discovery of the strong foundations for the Krupp 42 centimeter cannon prepared in Belgium a few years before this war broke out caused the German authorities to make an energetic investigation. The consequence was the discovery of a similar foundation under the building known and owned by a German publishing firm at Willesden Green, a suburb of London.

If these facts cannot awake the American people to the fact that various coasting stations for the German navy are being established under the skillful disguise of the Hamburg-American Line and others in Central and South American ports and coasts.

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Free Selection Service for Particular Theatre Patrons.

TO THE EDITOR OF THE SUN—Sir: If "Subscriber," who seems to have a proper sense of the responsibility incurred in making a modest young model to some of our theatres, will communicate with the Catholic Theatre Movement at 120 West Sixtieth street, he can obtain some literature which may help him. The perspective of whatever his religious belief may be.

New York, January 22.

Going for Caesar Augustus.

TO THE EDITOR OF THE SUN—Sir: Who invented this Democratic party, the originator of bread and soup lines? Who misled such a party upon us? Was the alleged party suggested by this, from Luke 12:12.

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WAR'S EFFECT ON SILVER.

Evidence of the Increasing Coinage and Use of the White Metal Abroad.

TO THE EDITOR OF THE SUN—Sir: In August last I had the honor to present in the columns of *THE SUN* certain data and conclusions indicating that one probable result of the European war would be an increased consumption of silver in coinage abroad incident to an effort to concentrate gold more extensively in bank reserves by providing a circulation of less intrinsic merit but entirely practicable and efficient.

The summaries of the operations of the British Royal Mint in 1914 now coming to hand by mail indicate to what a large extent England in the war crisis has been compelled to utilize the white metal to supply currency to the public. Last year the mint struck 32,455,343 pieces, compared with 32,296,327 in 1913, exclusive of 1,639,000 pieces coined for the colonies, which, by the by, were 4,575,000 less than in the previous year. The decrease for colonial consumption is easily explained by the conditions of transportation in the final months of 1914, the atmosphere of general alarm, the metals having almost entirely ceased.

The nominal or face value of the total silver coinage of the British mint last year was 16,250,524, compared with 13,934,354 in 1913. For the colonies alone the figures were 115,755, against 110,377. Calling last year's coinage values roughly \$9,000,000, this compares with \$7,705,458 for Great Britain in 1912 and \$7,076,676 in 1911.

Silver's price has not felt the effect of the enlarged demand for coinage, for there is little doubt that France as well as England has greatly increased her supply of silver coins, because the war conditions have greatly impeded the shipments to meet the normal demand from the Far East. It is one commodity, however, which will probably enjoy belated prosperity when the return of peace shall permit the gradual resumption of all the usual trade currents.

It is of interest to note that in 1914 Great Britain's coinage of sovereigns and half sovereigns was only 115,126-170, compared with 127,638,789 in 1913. For the last five months England has struck the gold of 1914 in South Africa and Australia, and in the month of the mines, keeping the gold within those countries, although permitting the Bank of England to count all its purchases made therein as part of its reserves as though the metal had been transported actually to London.

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